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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER

Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA

Division Director

July 22, 2014

CERTIFIED RETURN RECEIPT

7011 2970 0001 8827 9600

Bruce Evans
Nephi Sandstone Corporation
1250 North 200 West
P.O. Box 137
Nephi, Utah 84648

Subject: Notice of Cancellation/Termination of Reclamation Surety, Bond Number [REDACTED]
Nephi Sandstone Corp., Cedar Springs Mine, M/023/0059, Juab County, Utah

Dear Mr. Evans:

The Division of Oil, Gas and Mining (Division) was notified that the surety bond for the Cedar Springs Mine (M/023/0059) will be cancelled effective October 3, 2014. Although the Division is rejecting the cancellation, there are other issues raised by the cancellation letter and from other sources that need to be addressed.

The reason for the cancellation was that the operations had been sold to Christensen Brothers Rock Product of Fairview, Utah. The Division has not received an application to transfer this permit. Until the permit is properly transferred—which includes the new operator posting adequate reclamation surety—the reclamation responsibility still lies with Nephi Sandstone.

You will be notified if the company providing the surety, Travelers Casualty and Insurance Company of America, pursues cancellation. If they do, you will have approximately 60 days to replace the surety or receive a cessation order. If the surety is not replaced, the Division will request that it be forfeited.

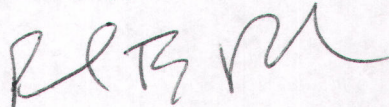
The Division encourages you to complete reclamation and reduce the reclamation liability, and then to request release of a portion of the surety.

Enclosed with this letter is a copy of the transfer application form which can also be obtained online at https://fs.ogm.utah.gov/PUB/MINES/Minerals_Related/FORMS/MR-TRL.pdf.

Nephi Sandstone Corporation
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If you have questions or require assistance regarding the transfer, please contact Wayne Western at 801-538-5263 or by e mail at waynewestern@utah.gov. Questions about the surety can be directed to Penny Berry at 801-538-5291 or by email at pennyberry@utah.gov. Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker', with a stylized flourish at the end.

Paul Baker
Minerals Program Manager

PBB:whw:pb
Enclosure: Transfer application
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